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INTRODUCTION

Huron County Friend of the Court (FOC) had a contract with the Michigan Family Independence Agency (FIA) to enforce all orders of support over which Huron County FOC had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to FIA. The Huron County FOC billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Huron County FOC for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Huron County FOC for the period January 1 through December 31, 1998. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Huron County FOC underbilled FIA for salaries and related payroll expense and overbilled some other direct cost items. The State share of the net amount overbilled was \$ 841.00 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$841.00 from the Huron County FOC.

FOC RESPONSE

The Huron County FOC did not respond to our draft report.

FINDINGS

Personnel - Salary Accruals for 1998 not Billed.

1. Huron County FOC did not bill salaries accrued in 1998, but paid in 1999, in the amount of \$611.00. (See Schedule A.)

Social Security Tax.

2. Huron County FOC underbilled FIA \$47.00 for social security taxes related to the accrued salaries for 1998. (See Schedule A.)

Workers' Compensation Overbilled

3. Huron County FOC overbilled FIA \$377.00 for workers' compensation because they used an incorrect rate in their monthly computations for billing purposes. (See Schedule A.)

Other Direct Cost – Audit

4. Huron County FOC overbilled FIA \$192.00 for audit costs. These costs were billed as direct expense and also allocated through their indirect cost allocation plan. (See Schedule A.)

Other Direct Cost - Postage Expense

5. Huron County FOC overbilled FIA \$1,245.00 for postage charges. The postage charges billed exceeded the amount of postage charges recorded on the trial balance. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$841.00 from Huron County FOC.

Finding #	Line Item	(Over) Under Billed Gross Amount	IV-D %	(Over) Under Billed IV-D Amount	Due (State) County
	1 Personnel	\$ 636	96.04%	\$ 611	
	2 Personnel	\$ 49	96.04%	\$ 47	
	3 Personnel	\$ (393)	96.04%	\$ (377)	
	4 Other Direct	\$ (200)	96.04%	\$ (192)	
	5 Other Direct	\$ (1,296)	96.04%	\$ (1,245)	
	Total	<u>\$ (1,204)</u>		<u>\$ (1,156)</u>	

	State Rate	IV-D Amt.		
Total without paternity	72.76%	\$ (1,156)	\$ (841)	
Total including Paternity	100%	\$ -	\$ -	
		<u>\$ (1,156)</u>	<u>\$ (841)</u>	